Calfrac Reports Second Quarter 2024 Results

August 1, 2024

CALGARY, Alberta, Aug. 01, 2024 (GLOBE NEWSWIRE) -- **Calfrac Well Services Ltd. ("Calfrac" or "the Company") (TSX: CFW)** announces its financial and operating results for the three and six months ended June 30, 2024. The following press release should be read in conjunction with the management's discussion and analysis and interim consolidated financial statements and notes thereto as at June 30, 2024. Readers should also refer to the "Forward-looking statements" legal advisory and the section regarding "Non-GAAP Measures" at the end of this press release. All financial amounts and measures are expressed in Canadian dollars unless otherwise indicated. Additional information about Calfrac is available on the SEDAR+ website at www.sedarplus.ca, including the Company's Annual Information Form for the year ended December 31, 2023.

CEO'S MESSAGE

Calfrac generated sequential improvement in revenue and Adjusted EBITDA during the second quarter as utilization in North America increased despite lower year-over-year commodity prices. The Company's operations in Argentina have produced strong financial results over the last six quarters, and there are significant opportunities to grow operating scale in the Vaca Muerta shale play. As a result, the Company is strategically investing additional capital to bolster its fracturing capabilities in Argentina. Calfrac continues to improve upon its exceptional safety record as it reduced the trailing twelve-month Total Recordable Injury Frequency ("TRIF") from 0.87 at the end of the first quarter to 0.77 as of June 30. The Company believes that through efficient execution and prudent deployment of capital across its diverse geographic footprint, it will be well-positioned to successfully navigate the current short-term headwinds in North America.

Calfrac's Chief Executive Officer, Pat Powell commented: "I am proud of the resiliency that the Calfrac team demonstrated with the strong improvement in financial results during the second quarter. I am looking forward to leveraging that momentum through the remainder of the year as we continue to safely and efficiently execute on our client's development plans in North America and Argentina to maximize returns for our shareholders."

SELECT FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS

	Three Months Ended Jun. 30,			**Six Months Ended Jun. 30,**		
	2024	2023	Change	**2024**	2023	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*			
(unaudited)						
Revenue	**426,047**	466,463	(9)	**756,143**	959,786	(21)
Adjusted EBITDA(1)	**65,386**	87,785	(26)	**91,443**	171,579	(47)
Consolidated cash flows provided by operating activities	**15,030**	18,192	(17)	**18,803**	59,086	(68)
Capital expenditures	**66,753**	30,718	117	**114,825**	65,192	76
Net income	**24,549**	50,531	(51)	**21,646**	86,844	(75)
Per share – basic	**0.29**	0.62	(53)	**0.25**	1.07	(77)
Per share – diluted	**0.29**	0.58	(50)	**0.25**	0.98	(74)

As at	**Jun. 30, 2024**	Dec. 31, 2023	Change
(C$000s)	***($)***	*($)*	*(%)*
(unaudited)			
Cash and cash equivalents	**43,655**	34,140	28
Working capital, end of period	**303,889**	236,392	29
Total assets, end of period	**1,301,286**	1,126,197	16
Long-term debt, end of period	**361,893**	250,777	44
Net debt(2)	**340,357**	241,065	41
Total consolidated equity, end of period	**653,498**	615,903	6

(1) *Refer to "Non-GAAP Measures" on page 7 for further information.*
(2) *Refer to note 10 of the consolidated interim financial statements for further information.*

SECOND QUARTER OVERVIEW

In the second quarter of 2024, the Company:

- generated revenue of $426.0 million, a decrease of 9 percent from the second quarter in 2023 resulting primarily from lower activity and a lower pricing environment in certain markets within the United States;
- reported second-quarter Adjusted EBITDA of $65.4 million versus $87.8 million in the second quarter of 2023 mainly as a result of lower utilization and pricing in the United States;

- reported net income from continuing operations of $24.5 million or $0.29 per share diluted compared to net income of $50.5 million or $0.58 per share diluted during the second quarter in 2023;
- increased period-end working capital to $303.9 million from $236.4 million at December 31, 2023, due to a combination of higher revenue earned at period end and geographical mix; and
- incurred capital expenditures from continuing operations of $66.8 million, which included approximately $36.7 million related to the Company's fracturing fleet modernization program.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS
THREE AND SIX MONTHS ENDED JUNE 30, 2024 VERSUS 2023

NORTH AMERICA

	Three Months Ended Jun. 30,			Six Months Ended Jun. 30,		
	2024	**2023**	Change	**2024**	**2023**	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*			
(unaudited)						
Revenue	**333,521**	376,322	(11)	**582,480**	789,369	(26)
Adjusted EBITDA[1]	**54,399**	75,283	(28)	**69,271**	151,770	(54)
Adjusted EBITDA (%)	**16.3**	20.0	(19)	**11.9**	19.2	(38)
Fracturing revenue per job ($)	**37,348**	43,585	(14)	**35,618**	43,403	(18)
Number of fracturing jobs	**8,709**	8,379	4	**15,885**	17,602	(10)
Active pumping horsepower, end of year (000s)	**964**	1,020	(5)	**964**	1,020	(5)
US$/C$ average exchange rate[2]	**1.3683**	1.3428	2	**1.3586**	1.3477	1

[1] *Refer to "Non-GAAP Measures" on page 7 for further information.*
[2] *Source: Bank of Canada.*

OUTLOOK

Calfrac's meaningful sequential increase in financial performance during the second quarter was primarily due to core clients in Canada accelerating the timing of their 2024 completion programs, combined with the Company's operations in the United States building momentum throughout the quarter. Despite lower natural gas prices decreasing the year-over-year rig count in the United States, the Company anticipates utilization in North America for the second half of the year to resemble the first six months, outside of normal winter seasonality and customer budget exhaustion. Although lower demand for pressure pumping fleets has impacted utilization and pricing, the Company continues to prioritize return on capital to maximize shareholder returns.

Calfrac continues to improve its asset quality through its Tier IV Dynamic Gas Blending ("DGB") equipment modernization program as well as boosting its last-mile proppant delivery capabilities through investments in high capacity Super B sand transport units. As of the end of June, the Company operated 49 Tier IV DGB pumping units in North America and expects to deploy the equivalent of five Tier IV DGB fleets by early 2025. Calfrac's 30 new Super B sand trailers enable it to haul significantly more proppant in each load to location, thereby increasing operating efficiencies and profitability. Through the first half of 2024, approximately 70% of the North American capital budget has been expended and the Company anticipates lower capital expenditures for this segment during the remainder of the year.

THREE MONTHS ENDED JUNE 30, 2024 COMPARED TO THREE MONTHS ENDED JUNE 30, 2023

REVENUE

Revenue from Calfrac's North American operations decreased to $333.5 million during the second quarter of 2024 from $376.3 million in the comparable quarter of 2023. The Company generated strong second-quarter revenue in North America despite lower year-over-year activity in the Rockies region of the United States as planned completion programs were deferred until later in the year. Activity in Canada was stronger than expected, particularly in May and June, due to the efficient completion of core client programs. In addition, Calfrac idled two fracturing fleets in the United States during February, and as a result, the Company operated an average of 13 fleets in North America during the second quarter of 2024 versus 15 fleets in the comparable quarter of 2023. Lower pricing in the United States also contributed to the 14 percent decrease in average revenue per job in the second quarter of 2024 versus the same quarter in 2023. Coiled tubing revenue decreased by 26 percent as compared to the second quarter in 2023 mainly due to lower utilization of Calfrac's six deep coiled tubing units offset partially by the completion of larger jobs.

ADJUSTED EBITDA

The Company's operations in North America generated Adjusted EBITDA of $54.4 million or 16 percent of revenue during the second quarter of 2024 compared to $75.3 million or 20 percent of revenue in the same period in 2023. This decrease was primarily due to the decline in fracturing fleet utilization in the United States combined with lower pricing relative to the same period in 2023.

SIX MONTHS ENDED JUNE 30, 2024 COMPARED TO SIX MONTHS ENDED JUNE 30, 2023

REVENUE

Revenue from Calfrac's North American operations decreased to $582.5 million during the first six months in 2024 from $789.4 million in the comparable period in 2023. The 26 percent decrease in revenue was primarily due to lower activity in the United States combined with lower pricing in certain markets. As a result, Calfrac idled two fracturing fleets during February 2024 and operated an average of 10 and 13 fleets in North America, respectively, during the first and second quarters of 2024 as compared to 15 fleets during the first half of 2023. In addition, activity for the Company's coiled tubing operations in North America decreased by 34 percent from the first six months of 2023 due to lower industry demand for its six crewed units.

ADJUSTED EBITDA

The Company's operations in North America generated Adjusted EBITDA of $69.3 million during the first half of 2024 compared to $151.8 million in the same period in 2023. This decrease in Adjusted EBITDA was largely driven by lower fracturing and coiled tubing utilization in North America during the first quarter of 2024 as well as lower overall pricing levels in the United States. However, utilization during the second quarter of 2024 improved for Calfrac's fracturing fleets in North America, particularly in May and June, as the completion programs of the Company's core clients significantly increased.

ARGENTINA

	Three Months Ended Jun. 30,			Six Months Ended Jun. 30,		
	2024	2023	Change	**2024**	2023	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
(unaudited)						
Revenue	**92,526**	90,141	3	**173,663**	170,417	2
Adjusted EBITDA[1]	**14,659**	17,752	(17)	**30,759**	29,292	5
Adjusted EBITDA (%)	**15.8**	19.7	(20)	**17.7**	17.2	3
Fracturing revenue per job ($)	**84,510**	83,155	2	**79,064**	85,472	(7)
Number of fracturing jobs	**581**	647	(10)	**1,253**	1,202	4
Active pumping horsepower, end of period (000s)	**139**	139	—	**139**	139	—
US$/C$ average exchange rate[2]	**1.3683**	1.3428	2	**1.3586**	1.3477	1

[1] Refer to "Non-GAAP Measures" on page 7 for further information.

[2] Source: Bank of Canada.

OUTLOOK

Calfrac's Argentinean operations generated Adjusted EBITDA of approximately $15 million in the second quarter which produced a record profit margin of 18% over the first six months of the year. The Company expects to leverage this momentum throughout the remainder of 2024 as it anticipates strong utilization across all service lines in the Vaca Muerta shale play combined with increased offshore coiled tubing activity. Calfrac is excited about its prospects and looks forward to collaborating with its clients to enhance oil and natural gas development in Argentina.

Due to the high customer demand for Calfrac's services combined with the improving political and business environment, the Company made the strategic decision to expand its pressure pumping footprint in the Vaca Muerta shale play. To facilitate this expected growth, Calfrac has increased its capital investment in the country by approximately $29 million to support the deployment of additional Tier II dual-fuel capable fracturing equipment into Argentina by the end of the year.

THREE MONTHS ENDED JUNE 30, 2024 COMPARED TO THREE MONTHS ENDED JUNE 30, 2023

REVENUE

Calfrac's Argentinean operations generated revenue of $92.5 million during the second quarter of 2024 versus $90.1 million in the comparable quarter in 2023 as the Company maintained strong activity across all service lines. This increase in revenue was primarily due to initial revenue generated from its new offshore coiled tubing operations. Fracturing and cementing revenue were relatively consistent with the comparable quarter in 2023.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $14.7 million during the second quarter of 2024 compared to $17.8 million in the same quarter of 2023, while the Company's Adjusted EBITDA margins decreased to 16 percent from 20 percent. This decrease was primarily due to a reduction in activity in the Las Heras region of Argentina relative to the comparable period in 2023 as the Company's major customer in that region began the formal process of closing its operations in that area. The Company was able to offset most of this reduction with additional spot work with new customers in Neuquén during the quarter.

SIX MONTHS ENDED JUNE 30, 2024 COMPARED TO SIX MONTHS ENDED JUNE 30, 2023

REVENUE

Calfrac's Argentinean operations generated revenue of $173.7 million during the first six months of 2024 compared to $170.4 million in the first six months of 2023 as the Company maintained strong activity across all service lines. The slight increase in revenue was due to the initial revenue generated from its newly commenced offshore coiled tubing operations. Fracturing and cementing revenue were relatively consistent with the comparable quarter in 2023.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $30.8 million or 18 percent of revenue during the first six months in 2024 versus $29.3 million or 17 percent of revenue in the comparable period in 2023. The Company continues to focus on growing its operating presence in the Vaca Muerta shale play to offset lower utilization in Las Heras following the completion of its contract with a major client in that region during the second quarter of 2024.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Mar. 31, 2024	**Jun. 30, 2024**
(C$000s, except per share and operating data)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
(unaudited)	*Revised[1]*							

Financial								
Revenue	438,338	447,847	493,323	466,463	483,093	421,402	330,096	**426,047**
Adjusted EBITDA[(1)(2)(3)]	94,289	75,954	83,794	87,785	91,286	62,591	26,057	**65,386**
Net income (loss)	45,352	14,757	36,313	50,531	97,523	13,202	(2,903)	**24,549**
Per share – basic	1.15	0.27	0.45	0.62	1.20	0.16	(0.03)	**0.29**
Per share – diluted	1.10	0.17	0.41	0.58	1.09	0.15	(0.03)	**0.29**
Capital expenditures[(3)]	24,745	35,810	34,474	30,718	50,825	49,397	48,072	**66,753**

(1) Adjusted EBITDA reflects a change in definition and excludes all foreign exchange gains and losses.

(2) Refer to "Non-GAAP Measures" on page 7 for further information.

(3) Effective January 1, 2023, recorded expenditures related to fluid end components as an operating expense rather than as a capital expenditure. This change in accounting estimate was recorded on a prospective basis.

CAPITAL EXPENDITURES - CONTINUING OPERATIONS

	Three Months Ended Jun. 30,			Six Months Ended Jun. 30,		
	2024	2023	Change	**2024**	2023	Change
(C$000s)	***($)***	*($)*	*(%)*			
North America	**58,340**	26,830	117	**95,514**	60,578	58
Argentina	**8,413**	3,888	116	**19,311**	4,614	319
Continuing Operations	**66,753**	30,718	117	**114,825**	65,192	76

Capital expenditures were $66.8 million for the three months ended June 30, 2024 versus $30.7 million in the comparable period in 2023. Calfrac's Board of Directors approved a 2024 total capital budget of approximately $210.0 million in December 2023. This was an increase of $45.0 million from the previous year, primarily to continue its fracturing fleet modernization program in North America and dedicate $40.0 million to support its Argentinean operations while implementing new company-wide field-based technologies. On March 13, 2024, the Board of Directors approved a deferral of up to $50.0 million of capital allocated to its North American fleet modernization program to align with market conditions at that time. On July 31, 2024, the Board of Directors approved a reinstatement of $40.0 million of its original capital budget to facilitate expansion of the Company's fracturing operations in the Vaca Muerta play in Argentina and to accommodate incremental maintenance capital in North America.

NON-GAAP MEASURES

Certain supplementary measures presented in this press release do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also non-GAAP measures. These measures have been described and presented to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are explained below.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges. Adjusted EBITDA for the period was calculated as follows:

	Three Months Ended Jun 30,		Six Months Ended Jun. 30,	
	2024	2023	**2024**	2023
(C$000s)			***($)***	*($)*
(unaudited)				
Net income from continuing operations	**24,549**	50,531	**21,646**	86,844
Add back (deduct):				
Depreciation	**28,033**	28,657	**56,028**	58,819
Foreign exchange losses (gains)	**(435)**	4,983	**(1,484)**	6,469
Gain on disposal of property, plant and equipment	**(143)**	(4,424)	**(6,384)**	(4,961)
Litigation settlements	**—**	—	**—**	(6,805)
Restructuring charges	**1,407**	599	**1,407**	1,932
Stock-based compensation	**2,118**	797	**4,303**	1,341
Interest	**7,894**	7,587	**13,926**	15,761
Income taxes	**1,963**	(945)	**2,001**	12,179
Adjusted EBITDA from continuing operations	**65,386**	87,785	**91,443**	171,579
Less: IFRS 16 lease payments	**(3,216)**	(3,503)	**(6,451)**	(6,388)
Less: Argentina EBITDA threshold adjustment[(1)]	**(3,148)**	—	**(8,576)**	—
Bank EBITDA for covenant purposes	**59,022**	**84,282**	**76,416**	**165,191**

(1) Refer to note 4 of the Company's consolidated interim financial statements for the three and six months ended June 30, 2024.

The definition and calculation of net debt is disclosed in note 10 to the Company's interim financial statements for the corresponding period.

ADVISORIES
FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"). These statements relate to future events or the future performance of the Company (as hereinafter defined). All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "forecast", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" or similar expressions.

In particular, forward-looking statements in this press release include, but are not limited to, statements with respect to activity, demand, utilization and outlook for the Company's operating divisions in North America and Argentina; the supply and demand fundamentals of the pressure pumping industry; input costs, margin and service pricing trends and strategies; operating and financing strategies, performance, priorities, metrics and estimates, such as the Company's strategic priorities to maximize free cash flow, repay debt and capital investment plans, including the Company's fleet modernization program and timing thereof; the Company's debt, liquidity and financial position; the Company's service quality and the Company's intentions and expectations with respect to the foregoing.

These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, including the current state of the pressure pumping market; the Company's expectations for its customers' capital budgets, demand for services and geographical areas of focus; the effect of unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; the effect of environmental, social and governance factors on customer and investor preferences and capital deployment; the effect of the military conflict in the Ukraine and related international sanctions and counter-sanctions and restrictions by Russia on the Company's ownership and planned sale of the Russian division; industry equipment levels including the number of active fracturing fleets marketed by the Company's competitors and the timing of deployment of the Company's fleet upgrades; the Company's existing contracts and the status of current negotiations with key customers and suppliers; the continued effectiveness of cost reduction measures instituted by the Company; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include but are not limited to: (A) industry risks, including but not limited to, global economic conditions and the level of exploration, development and production for oil and natural gas in North America and Argentina; excess equipment levels; impacts of conservation measures and technological advances on the demand for the Company's services; an intensely competitive oilfield services industry; and hazards inherent in the industry; (B) business operations risks, including but not limited to, fleet reinvestment risk, including the ability of the Company to finance the capital necessary for equipment upgrades to support its operational needs while meeting government and customer requirements and preferences; difficulty retaining, replacing or adding personnel; failure to continuously improve equipment, proprietary fluid chemistries and other products and services; seasonal volatility and climate change; reliance on equipment suppliers and fabricators; cybersecurity risks; a concentrated customer base; obsolete technology; failure to maintain safety standards and records; constrained demand for the Company's services due to merger and acquisition activity; improper access to confidential information or misappropriation of Company's intellectual property rights; failure to realize anticipated benefits of acquisitions and dispositions; loss of one or more key employees; and growth related risk on internal systems or employee base; (C) financial risks, including but not limited to, restrictions on the Company's access to capital, including the impacts of covenants under the Company's lending documents; direct and indirect exposure to volatile credit markets, including interest rate risk; fluctuations in currency exchange rates and increased inflation; price escalation and availability of raw materials, diesel fuel and component parts; actual results which are materially different from management estimates and assumptions; insufficient internal controls; the Company's access to capital and common share price given a significant number of common shares are controlled by two directors of the Company; possible dilution of outstanding stock-based compensation, additional equity or debt securities; and changes in tax rates or reassessment risk by tax authorities; (D) geopolitical risks, including but not limited to, foreign operations exposure, including risks relating to repatriation of cash from foreign jurisdictions, unsettled political conditions, war, foreign exchange rates and controls; the sale of the discontinued operations in Russia may not occur or be delayed; and risk associated with compliance with applicable law; (E) legal and regulatory risks, including but not limited to, federal, provincial and state legislative and regulatory initiatives and laws; health, safety and environmental laws and regulations; and legal and administrative proceedings; and (F) environmental, social and governance risks, including but not limited to, failure to effectively and timely address the energy transition; the direct and indirect costs of various existing and proposed climate change regulations; various types of activism; and reputational risk or legal liability resulting from ESG commitments and disclosures. Further information about these and other risks and uncertainties are set forth in the Company's most recently filed Annual Information Form under the heading "Risk Factors" which is available on the SEDAR+ website at www.sedarplus.ca under Company's profile.

Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this press release or the document by reference herein. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

BUSINESS RISKS

The business of Calfrac is subject to certain risks and uncertainties. Prior to making any investment decision regarding Calfrac, investors should carefully consider, among other things, the risk factors set forth in the Company's most recently filed Annual Information Form under the heading "Risk Factors" which is available on the SEDAR+ website at www.sedarplus.ca under the Company's profile. Copies of the Annual Information Form may also be obtained on request without charge from Calfrac at Suite 500, 407 - 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E5, or at www.calfrac.com.

ADDITIONAL INFORMATION

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW".

Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells with continuing operations focused throughout western Canada, the United States and Argentina. During the first quarter of 2022, management committed to a plan to sell the Company's Russian division, resulting in the associated assets and liabilities being classified as held for sale and presented in the Company's financial statements as discontinued operations. The results of the Company's discontinued operations are excluded from the discussion and figures presented above unless otherwise noted. See Note 3 to the Company's interim consolidated financial statements for the three and six months ended June 30, 2024 for additional information on the Company's discontinued operations.

Further information regarding Calfrac Well Services Ltd., including the most recently filed Annual Information Form, can be accessed on the Company's website at www.calfrac.com or under the Company's public filings found at www.sedarplus.ca.

SECOND QUARTER CONFERENCE CALL

Calfrac will be conducting a conference call for interested analysts, brokers, investors and news media representatives to review its 2024 second-quarter results at 10:00 a.m. (Mountain Time) on Thursday, August 1, 2024. To participate in the conference call, please register at the URL link below.

Once registered, you will receive a dial-in number and a unique PIN, which will allow you to ask questions.

https://register.vevent.com/register/BI6057da8b3d8e4314bd32fee9a600e4b4

The call will also be webcast and can be accessed through the link below. A replay of the webcast call will also be available on Calfrac's website for at least 90 days.

https://edge.media-server.com/mmc/p/6s7prwkq

CONSOLIDATED BALANCE SHEETS

	June 30, 2024	December 31, 2023
(C$000s)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents	**43,655**	34,140
Accounts receivable	**309,315**	243,187
Income taxes recoverable	**—**	794
Inventories	**130,776**	123,015
Prepaid expenses and deposits	**27,040**	22,799
	510,786	423,935
Assets classified as held for sale	**49,803**	34,084
	560,589	458,019
Non-current assets		
Property, plant and equipment	**691,166**	614,555
Right-of-use assets	**20,531**	24,623
Deferred income tax assets	**29,000**	29,000
	740,697	668,178
Total assets	**1,301,286**	1,126,197
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**189,543**	176,817
Income taxes payable	**7,302**	—
Current portion of lease obligations	**10,052**	10,726
	206,897	187,543
Liabilities directly associated with assets classified as held for sale	**36,116**	20,858
	243,013	208,401
Non-current liabilities		
Long-term debt	**361,893**	250,777
Lease obligations	**12,067**	13,702
Deferred income tax liabilities	**30,815**	37,414
	404,775	301,893
Total liabilities	**647,788**	510,294
Capital stock	**911,365**	910,908
Contributed surplus	**82,796**	78,667
Accumulated deficit	**(368,936)**	(389,872)
Accumulated other comprehensive income	**28,273**	16,200
Total equity	**653,498**	615,903
Total liabilities and equity	**1,301,286**	1,126,197

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2024	2023	**2024**	2023
(C$000s, except per share data)	***($)***	*($)*	***($)***	*($)*
Revenue	**426,047**	466,463	**756,143**	959,786
Cost of sales	**375,238**	392,934	**691,446**	818,570
Gross profit	**50,809**	73,529	**64,697**	141,216
Expenses				
Selling, general and administrative	**16,981**	15,797	**34,992**	24,924
Foreign exchange (gains) losses	**(435)**	4,983	**(1,484)**	6,469
Gain on disposal of property, plant and equipment	**(143)**	(4,424)	**(6,384)**	(4,961)
Interest, net	**7,894**	7,587	**13,926**	15,761

	24,297	23,943	**41,050**	42,193
Income before income tax	**26,512**	49,586	**23,647**	99,023
Income tax expense (recovery)				
Current	**3,397**	6,109	**9,811**	10,507
Deferred	**(1,434)**	(7,054)	**(7,810)**	1,672
	1,963	(945)	**2,001**	12,179
Net income from continuing operations	**24,549**	50,531	**21,646**	86,844
Net (loss) income from discontinued operations	**(1,460)**	2,730	**(710)**	4,754
Net income	**23,089**	53,261	**20,936**	91,598
Earnings (loss) per share – basic				
Continuing operations	**0.29**	0.62	**0.25**	1.07
Discontinued operations	**(0.02)**	0.03	**(0.01)**	0.06
	0.27	0.66	**0.24**	1.13
Earnings (loss) per share – diluted				
Continuing operations	**0.29**	0.58	**0.25**	0.98
Discontinued operations	**(0.02)**	0.03	**(0.01)**	0.05
	0.27	0.61	**0.24**	1.03

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2024	2023	**2024**	2023
(C$000s)	***($)***	*($)*	***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net income	**23,089**	53,261	**20,936**	91,598
Adjusted for the following:				
Depreciation	**28,033**	28,657	**56,028**	58,819
Stock-based compensation	**2,118**	797	**4,303**	1,341
Unrealized foreign exchange losses	**1,126**	3,666	**3,764**	3,374
Gain on disposal of property, plant and equipment	**(144)**	(4,447)	**(6,400)**	(4,985)
Impairment of property, plant and equipment	**484**	—	**1,177**	—
Impairment of inventory	**4,954**	1,592	**7,368**	2,692
Impairment of other assets	**5,240**	1,535	**5,475**	2,686
Interest	**7,810**	7,527	**13,736**	15,670
Interest paid	**(2,768)**	(1,242)	**(12,379)**	(11,485)
Deferred income taxes	**(1,434)**	(7,054)	**(7,810)**	1,672
Changes in items of working capital	**(53,478)**	(66,100)	**(67,395)**	(102,296)
Cash flows provided by operating activities	**15,030**	18,192	**18,803**	59,086
FINANCING ACTIVITIES				
Issuance of long-term debt, net of debt issuance costs	**44,987**	18,223	**104,987**	51,456
Long-term debt repayments	**—**	(25,000)	**—**	(50,000)
Lease obligation principal repayments	**(2,827)**	(3,195)	**(5,667)**	(5,799)
Proceeds on issuance of common shares from the exercise of warrants and stock options	**283**	103	**283**	357
Cash flows provided by (used in) financing activities	**42,443**	(9,869)	**99,603**	(3,986)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(65,535)**	(42,929)	**(121,955)**	(78,326)
Proceeds on disposal of property, plant and equipment	**294**	21,489	**11,817**	21,688
Proceeds on disposal of right-of-use assets	**101**	593	**328**	1,109
Cash flows used in investing activities	**(65,140)**	(20,847)	**(109,810)**	(55,529)
Effect of exchange rate changes on cash and cash equivalents	**348**	(8,403)	**(1,115)**	(11,210)
(Decrease) increase in cash and cash equivalents	**(7,319)**	(20,927)	**7,481**	(11,639)
Cash and cash equivalents, beginning of period	**59,990**	27,681	**45,190**	18,393
Cash and cash equivalents, end of period	**52,671**	6,754	**52,671**	6,754
Included in the cash and cash equivalents per the balance sheet	**43,655**	2,122	**43,655**	2,122
Included in the assets held for sale/discontinued operations	**9,016**	4,632	**9,016**	4,632

For further information, please contact:

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